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SUBJECT: THE DIRECTOR'S JUNE 30 FAREWELL CALL ON VICE
PRESIDENT SIEW

Classified By: Stephen M. Young, AIT Director, for reasons 1.4 (b) and
(d).

11. (C) SUMMARY. In a June 30 farewell call with the Director,
Vice President Vincent Siew on his own initiative said "the
beef issue will be solved soon," but did not provide a
detailed timeline. Looking wan but engaged after recent
cancer surgery, the Vice President called for a vibrant
U.S.-Taiwan Trade and Investment Framework Agreement (TIFA)
dialogue, including progress toward bilateral investment and
tax agreements. The Vice President said the Ma
administration hopes for "full normalization" of cross-Strait
economic relations by 2012, and would use a second term in
office to tackle more difficult cross-Strait political and
security issues. In Siew's view, TIFA should serve as a
parallel to the Taiwan-PRC Economic Cooperation Framework
Agreement (ECFA). Taiwan hopes to sign an early edition of
an ECFA in the near future, noted the Vice President, and
will include an "early harvest" of tariff reductions for the
Taiwan industries most affected by next year's advent of the
ASEAN-plus-one agreement with the PRC. The Vice President
agreed with the Director's emphasis on enhanced dialogue
between the KMT and the opposition, both to build consensus
on cross-Strait policy and as a necessary foundation for
successful democracy. END SUMMARY.

Participants

12. (SBU) The meeting took place at the Office of the Vice
President. Vice President Vincent Siew was joined by Vice
Minister of Foreign Affairs Javier Ho, MFA North America
Department Deputy Director General Michael Hsu, Chief of
Staff Francis Liang, and other MFA officials. The Director
was accompanied by the Deputy Director and econ chief
(notetaker).

Vice President's recovery from cancer

13. (C) In response to the Director's query, the Vice
President said he resumed working full days only last week as
part of an ongoing recovery from recent cancer surgery. Siew
explained that doctors at a Taipei hospital removed much of

his left lung, which had been stricken by cancer. The operation took between four and five hours, explained the Vice President, and doctors have told him to expect a three-to-six month recovery period. The Vice President noted that he is avoiding long hours at the office. He will soon begin to take regular walks, and eventually hopes to resume playing golf. Siew said he is still taking cancer medication, but is not undergoing chemotherapy. He noted that doctors first identified a spot on his lung nearly a decade ago, but added that the cancer was detected by chance when he opted to test new MRI equipment during an official visit to a Taipei hospital. The Vice President mentioned that he has shared his medical information with a relative who works as a cancer specialist at Vanderbilt University.

Beef issue "will be solved soon"

¶4. (C) The Director highlighted U.S. interest in an active bilateral Trade and Investment Framework Agreement (TIFA) dialogue, and said prompt resolution of the beef market issue would help lead to such a result. The Vice President assured the Director that "the beef issue will be solved soon." Noting that both the Chen and Ma administrations have conducted their own science-based risk assessments confirming the safety of U.S. beef consistent with OIE standards, the Director emphasized that a strong basis exists for opening Taiwan's market as quickly as possible. Siew stated that Taiwan recognizes and appreciates the Director's sustained efforts to resolve the beef issue.

Ma administration cross-Strait agenda

¶5. (C) The Director expressed U.S. encouragement and support for Ma administration efforts to improve cross-Strait relations, and asked the Vice President for a preview of Taiwan's upcoming discussion agenda with the PRC. Siew replied that the administration's progress over the past year have now made it easier for the Taiwan and the PRC to resolve disputes. Before the end of President Ma's current term in 2012, he continued, Taiwan will experience the "full normalization of cross-Strait economic relations," including the conclusion of a bilateral Economic Cooperation Framework Agreement (ECFA). If Ma is re-elected in 2012, observed the Vice President, the administration will confront the more difficult challenge of resolving outstanding cross-Strait political issues, including a peace treaty, a formal end to hostilities, and development of bilateral military confidence mechanisms. These "highly political" issues will be controversial in Taiwan, said Siew, but should be able to build on four years of cooperative engagement on economic issues.

Importance of dialogue with the opposition

¶6. (C) The Vice President stressed that the administration must have a dialogue not only with Beijing, but also with the opposition DPP. The Director noted that he has made the same point to the President, highlighting the importance of the KMT reaching out to a DPP that has little voice in the legislature. A vital opposition is essential for democracy to thrive, he said. Siew said he discussed the issue with President Ma the previous day, and the President urged him to open channels for dialogue with the DPP.

U.S. and cross-Strait relations

¶7. (C) According to the Vice President, the Ma administration's rapid success in facilitating cross-Strait economic ties has made some in Taiwan uncomfortable about the

pace and potential future scope of cross-Strait rapprochement. He added, however, that Taiwan "has no excuse to neglect the reality of China." Siew said he made a similar point to President Hu Jintao when they met at the 2008 Boao Forum, before Ma took office. The Director said the U.S. will do what it can to facilitate better cross-Strait relations, citing support for Taiwan's World Health Assembly (WHA) observer status as a recent example. Although the PRC would prefer that the U.S. not get involved, he noted, the Chinese ultimately realize that the U.S. will remain engaged. U.S.-Taiwan security cooperation is necessary for Taiwan to deal with the PRC in a position of confidence, stated the Director.

TIFA as a complement to ECFA

18. (C) The Vice President said that in coming years, ECFA and TIFA should be maintained as parallel consultations. The TIFA process, he noted, should be used to develop U.S. business interest in Taiwan's economy. To this end, Siew highlighted Taiwan's interest in progress toward a bilateral investment agreement (BIA), a bilateral tax agreement (BTA), and other vehicles for enhanced economic cooperation. In this way, he stated, both Taiwan and U.S. businesses will be able to enjoy the fruits of Taiwan's closer economic relationship with the PRC. The Vice President explained that Taiwan and the PRC have already identified the initial components of the ECFA. Taiwan's Chong-hua Institution for Economic Research (CIER) and the PRC's Tsingbao University are preparing economic impact assessments and other background information, he added.

ECFA and bilateral FTAs

19. (C) Siew noted Taiwan's hope that an ECFA could be signed by the end of the year. The agreement, he explained, will initially cover Taiwan industries most affected by next year's advent of the ASEAN-plus-one agreement, and will include provisions for the petrochemical, auto parts, textile, and machinery sectors as an "early harvest." In response to a question from the Director, the Vice President indicated that talks with Singapore, Japan, and other potential bilateral free trade agreement (FTA) partners would not necessarily have to await conclusion of the ECFA. Instead, Taiwan will try to achieve progress on other FTAs at the same time it negotiates the ECFA. The Vice President agreed with the Director's suggestion that Taiwan and the U.S. consider a "building block" approach to achieving the substance of an FTA, regardless of formal nomenclature.

AIT New Office Compound

110. (C) The Vice President highlighted the June 22 dedication of the AIT New Office Compound (NOC) site as one of the Director's most significant contributions during his tenure. The Director noted that AIT will seek ongoing support from the administration as the NOC project moves ahead, including the acquisition of an adjacent piece of land for eventual construction of a Director's residence, warehouse, and other facilities.

Taiwan Competitiveness Forum

111. (C) The Deputy Director sought the Vice President's continued support for the Taiwan Competitiveness Forum. Developed by AIT and co-sponsored by the Council for Economic Planning and Development (CEPD), AIT, the American Chamber of Commerce, and two Taiwan economic think tanks, the Forum was launched with a June 2008 conference and includes a series of sector-specific follow-up workshops designed to improve

market access and enhance Taiwan's competitiveness in the financial services, pharmaceutical, retail, and other priority business sectors.

¶12. (C) As the meeting concluded, the Vice President repeatedly thanked the Director for his longstanding efforts to improve U.S.-Taiwan relations and his many contributions to the bilateral relationship.

¶13. (C) COMMENT. Although visibly a bit tired, and clearly having lost some weight, the Vice President did not show any serious effects from his recent surgery during the one-hour meeting. END COMMENT.

YOUNG